

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-08 CIAE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 COME-00 L-03 OMB-01 TRSE-00

PM-04 NSC-05 SS-15 /063 W

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R 280902Z JAN 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5404

INFO AMEMBASSY TOKYO

CINCPAC

CINCPACREPPHIL

SECDEF

CINCPACFLT

C O N F I D E N T I A L MANILA 1432

CINCPAC FOR POLAD

E. O. 11652: GDS

TAGS: EWWT, RP, JA

SUBJECT: PRESIDENT MARCOS APPROVES KAWASAKI SHIP REPAIR YARD
IN SUBIC BAY

1. PRESIDENT MARCOS APPROVED JANUARY 27, 1977 A JOINT
VENTURE AGREEMENT BETWEEN THE NATIONAL INVESTMENT AND
DEVELOPMENT CORPORATION (NIDC) AND KAWASAKI HEAVY INDUSTRIES
LTD. FOR THE ESTABLISHMENT OF A SHIP REPAIR PROJECT IN
SUBIC BAY WITH A CAPACITY OF 300,000 DWT AND AN INVESTMENT
TOTTALLING \$68 MILLION. THE SIGNING CEREMONY WAS WITNESSED
BY JAPANESE AMBASSADOR MASAO SAWAKI AND REPORTED ON THE
FRONT PAGE OF THE DAILY EXPRESS, COMPLETE WITH COLOR
PHOTOGRAPH.

2. THE AGREEMENT WAS SINGED ON BEHALF OF THE GOP BY
GENEROSO F. TANSECO, NIDC DIRECTOR, CONCURRENTLY ADMINISTRATOR
OF THE MARITIME INDUSTRY AUTHORITY AND PRESIDENT OF SUBIC
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NATIONAL SHIPYARDS, INC. (SNS). SNS IS A WHOLLY-OWNED
SUBSIDIARY OF NIDC WHICH IN TURN IS A SUBSIDIARY OF THE GOP-
OWNED PHILIPPINE NATIONAL BANK. SIGNING FOR KAWASAKI
HEAVY INDUSTRIES WAS PRESIDENT KIYOSHI YOTSUMOTO.

3. OF THE \$68 MILLION REQUIRED FOR THE REPAIR FACILITY,
\$20 MILLION WILL BE IN THE FORM OF EQUITY, 60/40 FILIPINO/

JAPANESE. KAWASAKI IS NEGOTIATING WITH THE JAPAN EXIMBANK TO PROVIDE 70 OR 80 PERCENT OF ITS \$8 MILLION EQUITY SHARE. IN ADDITION, THE GOJ OVERSEAS ECONOMIC COOPERATION FUND HAS AGREED TO PROVIDE \$37 MILLION FOR THE YEN COSTS OF THE PROJECT. GOP WILL PROVIDE \$6.6 MILLION AND KAWASAKI \$4.4 MILLION OF THE \$11 MILLION OPERATING FUNDS.

4. THE NAME OF THE JOINT VENTURE COMPANY HAS NOT BEEN CHOSEN. IN THE MEANTIME, KAWASAKI HAS COMMISSIONED DETAILED DESIGNS FOR THE YARD WHICH WILL TAKE ABOUT A YEAR TO COMPLETE. IT EXPECTS TO START CIVIL WORKS TOWARDS THE END OF THIS YEAR.

5. COMMENT: JAPANESE OFFICIALS HAVE STRESSED THAT THE SHIP REPAIR FACILITY IN SUBIC BAY IS A RESULT OF THE HIGH PRIORITY WHICH THE GOP HAS PLACED ON IT. THEY HAVE GONE OUT OF THEIR WAY TO ALLEVIATE ANY AMERICAN CONCERN OVER THE CO-LOCATION OF A CIVILIAN YARD WITH SUBIC NAVAL BASE. END COMMENT.

6. THE SITE OF THE PLANNED KAWASAKI FACILITY IS IN THE NORTHERN REACHES OF SUBIC BAY WELL CLEAR OF THE U.S. NAVAL BASE.
SULLIVAN

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Message Attributes

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